



# European Market Infrastructure Regulation (EMIR) Refit Programme – Frequently Asked Questions (FAQ)

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# 1. Context

Certain reporting technical standards under European Market Infrastructure Regulation (EMIR) Refit are being implemented in the UK and EU effective in 2024.

## 2. Purpose and Objectives

The objective of this FAQ document is to provide an overview of the new reporting standards under EMIR Refit regulation and how they impact Macquarie clients.

## 3. What is EMIR Refit?

EMIR entered into force in 2012 with the purpose of increasing transparency in the derivatives market, mitigating credit risk and reducing operational risk.

EMIR (and its UK onshored equivalent) applies to any EU or UK entity that enters into derivative transactions. EMIR Refit is an amendment to the regulation which entered into force in 2019 and aims to improve the data quality of reporting and enhance global standardisation of data.

The new reporting standards under EMIR Refit introduce the following key changes:

- Increase in the total number of reporting fields.
- Change in reporting format from CSV to XML
- Increase in the number of TR reconciliation fields required for pairing and matching.

Following Brexit there are now UK EMIR and EU EMIR regulations. The new reporting standards under EMIR Refit become effective from **29 April 2024** for EU entities and **30 September 2024** for UK entities.

## 4. Which transactions are covered by EMIR Refit?

The EMIR reporting obligation is applicable to both OTC and Exchange Traded Derivatives as defined in points (4) to (10) of Section C of Annex I to MiFID. Counterparties in scope of EMIR/EMIR Refit are required to report the details of any derivative contract they have concluded and of any modification or termination of the contract to a trade repository by T+1.

## 5. Which entities are covered by EMIR Refit?

- Financial counterparty (FC) An FC is considered any firm that meets one of the following criteria. FCs are further categorised as i) Firms exceeding the clearing threshold (FC+) and ii) firms below the clearing threshold (SFC).
  - An investment firm authorised in accordance with Directive 2004/39/EC
  - A credit institution authorised in accordance with Directive 2006/48/EC
  - An insurance undertaking authorised in accordance with Directive 73/239/EEC.
  - An assurance undertaking authorised in accordance with Directive 2002/83/EC.
  - A reinsurance undertaking authorised in accordance with Directive 2005/68/EC.
  - A UCITS and, where relevant, its management company, authorised in accordance with Directive 2009/65/EC.
  - An institution for occupational retirement provision within the meaning of Article 6(a) of Directive 2003/41/EC.
  - An alternative investment fund managed by AIFMs authorised or registered in accordance with Directive 2011/61/EU;
- EU undertakings other than FCs (NFC) NFCs are further categorised as i) Firms exceeding the clearing threshold (NFC+) and ii) firms below the clearing threshold (NFC-).

## 6. Does Macquarie offer delegated reporting services?

Macquarie Bank Europe DAC is subject to EU EMIR and as a FC has an obligation to report on behalf of EU counterparties classified as an NFC-. Subject to receiving the relevant data required for reporting, this obligation will be fulfilled unless the NFC- counterparty opts out of this arrangement and wishes to perform their own reporting.

Macquarie Bank Limited, London Branch is considered a third-country branch under UK EMIR and is not subject to EMIR reporting requirements. It will offer delegated reporting services to clients across various products and entities. We will continue to offer our delegated reporting services following the new reporting standards under EMIR Refit coming into effect and will be

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contacting our clients to provide more information about the arrangement. It should be noted that whilst counterparties are able to delegate their reporting, they retain the ultimate responsibility to ensure their reporting obligation requirements are met.

If you have any queries about delegated reporting performed by Macquarie, please contact your business representative within Commodities and Global Markets.

## 7. What is Macquarie doing regarding EMIR Refit?

Macquarie has begun a project to implement the new reporting standards under EU EMIR Refit by **29 April 2024** and UK EMIR Refit by **30 September 2024** for our Commodities and Global Markets businesses.

The project will implement the changes to reporting. There will be further information provided in the future regarding:

- Delegated reporting
- Pairing and Matching
- Transition period.

## 8. What are the clearing obligation thresholds?

The clearing obligation is applicable to contracts between financial counterparties (FCs) and non-financial counterparties who exceed the relevant clearing thresholds as prescribed in EU and UK EMIR. Please see the ESMA clearing thresholds below (as of May 2023):

- EUR 1 billion in gross notional value for OTC credit derivative contracts
- EUR 1 billion in gross notional value for OTC equity derivative contracts
- EUR 3 billion in gross notional value for OTC interest rate derivative contracts
- EUR 3 billion in gross notional value for OTC foreign exchange derivative contracts.
- EUR 4 billion in gross notional value for commodity derivative contracts

## 9. What are the portfolio reconciliation requirements?

As per Article 13 of the EMIR COMMISSION DELEGATED REGULATION (EU), counterparties are required to agree arrangements under which portfolios shall be reconciled. Portfolio

reconciliation shall be performed by the counterparties to the OTC derivative contracts with each other or by a qualified third party duly mandated to this effect by a counterparty. The portfolio reconciliation shall cover key trade terms that identify each particular OTC derivative contract and shall include at least the valuation attributed to each contract in

accordance with Article 11(2) of Regulation (EU) No 648/2012. Please see the requirements below:

- For FC and NFC+ counterparties:
  - Daily for portfolio 500+ outstanding contracts
  - Weekly for 51-499 outstanding contracts
  - Quarterly for 1-50 outstanding contracts
  
- For NFC- counterparties:
  - Quarterly for portfolio > 100 outstanding contracts
  - Annual 1-100 outstanding contracts

## 10. What is LEI?

A legal entity identifier (LEI) is a unique code to identify each legal entity that is counterparty to an EMIR reportable transaction. All counterparties entering into derivative transactions need to have a Legal Entity Identifier (LEI) in order to meet the UK and EU EMIR reporting obligations. LEIs are issued by Local Operating Units (LOUs) on the Global LEI System. The list of LOUs accredited by the Global LEI Foundation (GLEIF) can be found on the GLEIF website and includes the London Stock Exchange. Some of these registries serve a given country, while others offer services to entities worldwide.

## 11. Contact Details

For more information about the EMIR Refit implementation, please contact your business representative.

## 12. Additional Information

- a. [ESMA Final Reporting Guidelines for reporting under EMIR](#)
- b. [ESMA EMIR Homepage](#)
- c. [ESMA EMIR Refit Validation Rules](#)
- d. [ESMA EMIR Q&A](#)
- e. [FCA EMIR Reporting Obligation Homepage](#)